Budget Neutrality
Cost Projections
Waiver Period July 2003 - June 2006

Cost Projections Worksheet I. - Medicaid Costs Specific to the Waiver

All Sections and alphabetized factors in Cost Projections Worksheet I. correspond to the same calculation factors defined in the Retrospective Cost Neutrality Worksheet I. for waiver period July 1999 - June 2003. Our explanation will focus on the method of projection.

Section 1. Family Planning Waiver Enrollments

A. New Enrollees
We averaged the annual change in new enrollees by age groups between the completed state fiscal years (FY) 1999, 2000, 2001 and 2002, and applied those growth/reduction rates to each successive year's cohort of new enrollees by the same age groupings.

B. Continuing From Previous Fiscal Year
(B) = the previous fiscal year (FY) factor (D) minus the previous FY factor (E).

C. Returning From Previous Exit
Factor (C) is the number of women who reenroll after being absent from the enrollment roster in the previous fiscal year. Of the FY 1999 enrollees who exited enrollment that year, 11.6% returned to enrollment in FY 2001. Of the FY 2000 enrollees who exited enrollment that year, 13.5% returned to enrollment in FY 2002. We used the average of 12.6% ratio to the factor (E) of the fiscal year two years earlier to estimate a returning cohort for (C).

D. Total Eligible Women During the Fiscal Year
(D) = (A) + (B) + (C).

E. Enrollees Exiting the Program
We analyzed our previous years of exiting enrollees by age group, and determined a percentage within each age group among the total enrollees each year. We applied the average percentage of attrition for each age group between FYs 1999 through 2002 to total enrollees for each age group. The sum of the discontinuing enrollees by all age groups = (E).

Section 2. Family Planning Services

F. New Participants Utilizing Services
We determined a percentage of new participants among new enrollees for each age group for fiscal years 1999 through 2002, and applied the average percentage for each age group against the prospective estimates of enrollees for each age group to project the numbers of new participants.

G. Continuing Participants (were active in the previous year)
(G) = Previous fiscal year (I) minus previous fiscal year (J).

H. Participants Returning to Active Utilization (after inactivity in the previous FY)
(H) = (I) - (F) - (G).

I. Total Participants during Fiscal Year
We used the average percentage rates of participants among enrollees by each age group in fiscal years 1999 through 2002, and applied the rate against the projected enrollees within each age group.

J. Participants Reverting to Inactivity in the Following Fiscal Year
We used the average rate of discontinuing participants (no claims detected in the following fiscal year) among participants by age group in fiscal years 1999 through 2002, and calculated the rate among projected participants for each age group.

K. Expenditures for Services
The amount is the aggregate sum of reimbursements for recipient claims while recipients are eligible for the waiver. (K) = (I) x (L).

L. Service Cost per Participant
Starting with our estimated cost per participant factor (L) in FY 2003, we applied an annual inflation factor of 3.3% based on the 2002 Market Basket Index.

Section 3. Federal Costs.

To project future federal costs, we sorted the actual waiver claims records for service dates between July 1998 and December 31, 2002 for aggregate amounts according to federal match. The aggregate of expenditures fell into the following proportions:

	All waiver service costs FYs 1999 - 2002	$11,594,444
11.5%	Cost Center = Indian Health Service	$1,337,121
88.5%	Cost Center = Family Planning or Sterilization Related	$10,257,323

Therefore, we applied these proportions to our factors described below.

M. Expenditures Estimated for Indian Health Services at 100% Federal Match.
(M) = .115 x (K).

N. Expenditures Estimated for Family Planning Services.
(N) = (K) minus (M).

O. Federal match at 90/10 rate.
(O) = .9 x (N).

P. Total Cost, Federal Match for Service Expenditures.
(P) = (M) + (O)

Cost Projections Worksheet II.
Estimated Averted Births

All sections correspond to the sections described in the Retrospective Cost Neutrality Worksheet II.

Section 1. Total Active Participants During FY
Worksheet I., factor I., sorted by age groups. We applied the average rates of participation among fiscal year enrollees by age groups between 1999 and 2002 against our estimates of enrollees by age groups.

Section 2. Estimated Births Without the waiver.
The baseline fertility rate, from the final column in Retrospective Cost Neutrality Worksheet I., is applied against the counts in Section 1, to infer the number of births that would have occurred among waiver participants in the absence of the waiver.

Section 3. Live Deliveries During FY Among FY Participants
We calculated the rate of deliveries among participants by age group from the Retrospective Worksheet II. Section 3 for FY 2002 and applied those rates to our estimated counts of participants by age group in Section 1.

Section 4. Averted Births = Section 2 Results minus Section 3 Results
(Section 4 by age) = (Section 2 by age) - (Section 3 by age)

Cost Projections Worksheet III.
Estimated Medicaid Costs Without The Waiver

Most Sections and alphabetized factors, with a few additions, correspond to the same calculation factors defined in the retrospective calculations for waiver period July 1999 - June 2003.

The exception is the addition of a Section 3 for coverage of children ages 6 through 14, and the shifting of subsequent sections and factors that summarize the totals for service expenditures, administrative costs and combined aggregate costs.

Rather than iterate redundant explanations of the similar factors previously explained in the retrospective analysis, we will highlight additional factors and modifications to factors previously presented in the retrospective worksheet IV. We applied an inflation factor of 3.1% to all costs per capita after our estimated figures for FY 2003 in the retrospective analysis. FY 2003 estimated costs per capita were based on CMS 2082 reports of the previous fiscal years.

Section 1. Additional Births Without the Waiver.
Factors A, B, C, D and E are defined the same as in the retrospective analysis.

Section 2. Service Costs Averted

F. Total Service Expenditure
(F) = (C) + (E).

G. State FMAP rate.
Rates are from the comparable federal fiscal year.

H. Federal match at FMAP rate.
(H) = (F) x (G).

Section 3. Administrative Costs Averted

I. Program Management, System changes.
We applied a 3% ratio of factor (F) aggregate expenditures to estimate factor (I).

J. Eligibility Reviews
Cost of conducting eligibility reviews for infants.

K. Total Admin Cost
(K) = (I) + (J).

L. Federal Match for Admin Costs
(L) = .5 x (K).

Section 4. Total Averted Federal Match Costs
(M) = (H) + (L)

Cost Projections Worksheet IV.
Comparison of waiver expenditures against cost of pregnancies and subsequent children without the waiver.

Expenditures Related to the Target Group

A. With the Family Planning Waiver
Cost Projections Worksheet I., factor (V).

B. Without the Family Planning Waiver
Cost Projections Worksheet III., factor (M).

C. Comparison for Cost Neutrality
(C) = (A) - (B)

Conclusion:
The waiver program will continue to meet the cost neutrality objective and play a cumulatively substantial role in the State's cost containment goals. By the end of the next three demonstration years, the state will have averted $12,308,147 in cumulative federal match costs.